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**UNITED STATES DISTRICT COURT**  
**FOR THE NORTHERN DISTRICT OF CALIFORNIA**  
**SAN JOSE DIVISION**

APPLE INC., CISCO SYSTEMS, INC.,  
GOOGLE LLC, and INTEL CORPORATION,  
  
Plaintiffs,

v.

ANDREI IANCU, Under Secretary of  
Commerce for Intellectual Property and  
Director, United States Patent and Trademark  
Office,

Defendant.

Case No. 20-cv-6128-EJD

**PLAINTIFFS' MEMORANDUM IN  
OPPOSITION TO US INVENTOR'S  
APPLICATION FOR A TEMPORARY  
RESTRAINING ORDER AND  
MOTION FOR ENTRY OF A  
PRELIMINARY INJUNCTION**

Date: January 14, 2021

Time: 9:00 a.m.

Courtroom: Courtroom 4, 5th Floor

Judge: Hon. Edward J. Davila

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## INTRODUCTION

Plaintiffs’ lawsuit presents a straightforward legal issue: a challenge to the validity of a rule of the U.S. Patent and Trademark Office (“PTO”)—the “*NHK-Fintiv* rule”—that unlawfully restricts access to inter partes review (“IPR”), a vital administrative process for “weed[ing] out bad patent claims.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020). As Plaintiffs’ Complaint sets forth, the *NHK-Fintiv* rule exceeds the PTO’s authority under the America Invents Act (“AIA”), is arbitrary and capricious in violation of the Administrative Procedure Act (“APA”), and is procedurally invalid under both the AIA and the APA because the PTO adopted it without notice-and-comment rulemaking. Dkt. No. 1 ¶¶ 61-91 (“Compl.”). The Complaint asks the Court to hold the rule unlawful and set it aside so that IPR can proceed in accordance with the statutory standards Congress established. *See* 5 U.S.C. § 706; Compl. ¶¶ 78-91, Relief Requested.

In contrast to Plaintiffs’ focused Complaint, the Proposed Intervenors—including movant US Inventor—seek to transform this case into an entirely different lawsuit. As Plaintiffs explain in their opposition to intervention, intervention should not be permitted. Dkt. No. 41. But even if intervention were granted, the Court should deny US Inventor’s motion for a temporary restraining order and preliminary injunction. US Inventor has not remotely established any basis for the extraordinary relief it seeks.

The proposed complaint-in-intervention alleges two claims: (1) a challenge to the Director’s supposed failure to promulgate regulations specifying the Proposed Intervenors’ desired discretionary standards for denial of institution of IPR and other proceedings, and (2) a challenge to the Director’s adoption of various rules without notice-and-comment rulemaking. Dkt. No. 28-1 at 20-21. The available judicial remedies for such claims are set forth in the APA: the court may “compel” an unlawfully withheld agency action, 5 U.S.C. § 706(1), or “hold [a procedurally invalid rule] unlawful and set [it] aside,” *id.* § 706(2)(D).

US Inventor’s motion for a temporary restraining order and preliminary injunction, however, seeks entirely different—and astonishingly broad—relief. It does not ask the Court to compel a rulemaking or to set aside an unlawful rule as the APA provides. It does not even seek



1 to preliminarily enjoin a challenged rule pending resolution of Proposed Intervenor’s claims on  
2 the merits. Instead, US Inventor wants the Court to “halt” Congress’s entire administrative  
3 scheme for reviewing weak patent claims that threaten innovation. Dkt. No. 34 at 19 (“PI  
4 Mot.”). In particular—citing no authority whatsoever—US Inventor asks this Court to enjoin the  
5 Director from instituting any IPRs or other post-grant proceedings until the Director promulgates  
6 rules that meet US Inventor’s approval.

7 US Inventor has shown no entitlement to such an extraordinary order, which would  
8 dramatically upend the status quo and eviscerate a central pillar of the AIA to the detriment of  
9 innovators and the entire patent system. Notably, US Inventor does not even *allege*, much less  
10 demonstrate, that the IPRs and other AIA proceedings it seeks to enjoin are unlawful. And it  
11 does not explain how this Court would have authority to enjoin lawful IPRs—either under the  
12 APA or through the exercise of the Court’s inherent remedial powers. US Inventor merely  
13 argues that the PTO was required to conduct a rulemaking—notwithstanding that it has in fact  
14 already conducted a rulemaking—and that the rules adopted by designating decisions of the  
15 Patent Trial and Appeal Board (“Board”) as precedential are inadequate substitutes, and  
16 promises to “discuss[] later” why “this means that the Director should be required to deny *all*  
17 AIA trial review petitions pending completion of rulemaking,” PI Mot. 9, 14. But the promised  
18 explanation never comes. US Inventor suggests that “[j]ust call[ing] a halt” to all IPRs would be  
19 a “simple” expedient to “preserv[e] the status quo” pending resolution of Proposed Intervenor’s  
20 claims. *Id.* at 19-20. But the injunction US Inventor seeks would not preserve the status quo; it  
21 would end it.

22 US Inventor thus has not remotely shown a basis for the relief it seeks, much less  
23 demonstrated a likelihood of success on the merits. As for irreparable harm, US Inventor’s  
24 arguments all depend on the assumption that any rulemaking would result in the substantive  
25 standards that US Inventor wants the Director to adopt. But there is no basis for that assumption.  
26 Moreover, US Inventor’s declaration of “emergency” makes no sense. The AIA has been in  
27 effect for nearly a decade without the rulemaking US Inventor seeks; at least one of the  
28 discretionary “precedential” rules that US Inventor challenges has been on the books for years as

1 well. US Inventor’s delay confirms the absence of irreparable harm.

2 For these reasons and the others set forth below, this Court should deny US Inventor’s  
3 motion and allow this case to proceed toward resolution of the straightforward and focused legal  
4 issues presented in Plaintiffs’ Complaint.

## 5 BACKGROUND

### 6 A. Plaintiffs’ Challenge To The *NHK-Fintiv* Rule

7 Plaintiffs’ Complaint challenges the lawfulness of one rule recently adopted by the PTO  
8 that restricts access to IPR when litigation over the same patent claim is pending (“the *NHK-*  
9 *Fintiv* rule”). IPR is an essential administrative proceeding for determining the patentability of  
10 previously issued patent claims. Compl. ¶¶ 1, 28. Congress created IPR to provide a more  
11 efficient and streamlined administrative alternative to litigation for determining patentability  
12 before specialized patent judges. *Id.* ¶¶ 3, 28-30. IPR has enhanced the U.S. patent system and  
13 strengthened U.S. technology and innovation by weeding out thousands of invalid patent claims.  
14 *Id.* ¶ 3.

15 The AIA specifically contemplates that IPR will be available to determine the  
16 patentability of patent claims that are also the subject of pending patent infringement litigation.  
17 *Id.* ¶¶ 4, 31-34. For example, the AIA permits a party accused of infringement to file a petition  
18 for IPR with regard to the same patent claims that are being asserted in the pending infringement  
19 suit, so long as the petition is filed within “1 year after the date on which the petitioner ... is  
20 served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b). And although  
21 the AIA forecloses IPR if the petitioner has previously “filed a civil action challenging the  
22 validity of a claim of the patent,” *id.* § 315(a)(1), the AIA expressly permits a petitioner to assert  
23 invalidity arguments in a counterclaim in litigation without forgoing IPR, *id.* § 315(a)(3).

24 The AIA specifies several requirements that must be met for the Director of the PTO to  
25 grant a petition for, or “institute,” IPR, and enumerates discretionary grounds on which the  
26 Director may decline to institute IPR even if those preconditions are met. *E.g.*, 35 U.S.C.  
27 §§ 311(c)(1)-(2), 312(a)(1)-(5), 315(a)(1)-(2); *see* Compl. ¶ 35. For example, the Director “may  
28 not” institute IPR “unless” he determines, based on the IPR petition, that “there is a reasonable

likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). The Director has delegated to the Board the authority to decide whether to institute IPR. 37 C.F.R. § 42.4(a); *see id.* §§ 42.2, 42.108; Compl. ¶ 36.

In two recent decisions, the Board articulated an additional standard, found nowhere in the AIA, under which the Board may decline to institute IPR based on the pendency of litigation over the validity of the same patent claims—even if the petition was timely filed within the one-year deadline set by 35 U.S.C. § 315(b). *NHK Spring Co. v. Intri-Plex Techs., Inc.*, No. IPR2018-00752 (Paper 8) (P.T.A.B. Sept. 12, 2018); *Apple Inc. v. Fintiv, Inc.*, No. IPR2020-00019 (Paper 11) (P.T.A.B. Mar. 20, 2020); *see* Compl. ¶¶ 37-41. The Director subsequently designated *NHK* and *Fintiv* as “precedential,” making them “binding” in all future cases. *See* Compl. ¶¶ 47-49. Thus, the Director adopted the standard articulated in *NHK* and *Fintiv* as a binding rule without notice-and-comment rulemaking. *Id.* ¶¶ 43-50. The Board has since relied on the *NHK-Fintiv* rule to deny dozens of petitions for IPR. *Id.* ¶¶ 52-60.

Plaintiffs Apple Inc., Cisco Systems, Inc., Google LLC, and Intel Corporation filed this suit on August 31, 2020, arguing that the *NHK-Fintiv* rule violates the AIA and APA. Plaintiffs raise three claims: (1) the *NHK-Fintiv* rule exceeds the Director’s authority and violates the AIA because Congress withheld from the Director the authority to deny IPR petitions that meet the statutory requirements based on a parallel infringement lawsuit against the IPR petitioner, *id.* ¶¶ 78-82; (2) the *NHK-Fintiv* rule is arbitrary and capricious because it requires the Board to engage in substantial speculation as to the likely course of the parallel district court proceeding, produces unpredictable and unfair outcomes, and is not rationally connected to its purpose of promoting administrative efficiency, *id.* ¶¶ 83-87; and (3) the *NHK-Fintiv* rule is procedurally invalid because the Director adopted it without notice-and-comment rulemaking, *id.* ¶¶ 88-91.

To allow IPRs to proceed without this unlawful obstacle, Plaintiffs ask the Court to declare the *NHK-Fintiv* rule unlawful, set it aside, and permanently enjoin the PTO from relying on the rule or its factors to deny institution of IPR. Compl., Relief Requested.

**B. Proposed Intervenor’s Demand For Rulemaking And Motion For Preliminary Injunction And Temporary Restraining Order**

1 Proposed Intervenor—US Inventor, 360 Heros, Inc., Larry Golden, World Source  
2 Enterprises, LLC, Dareltech LLC, Tinnus Enterprises, LLC, Clearplay, Inc., and E-Watch,  
3 Inc.—seek to address distinct issues and to vindicate distinct injuries, in pursuit of a distinct  
4 objective. Their proposed complaint-in-intervention challenges the PTO’s alleged failure to  
5 establish comprehensive formal regulations setting forth Proposed Intervenor’s preferred  
6 standards for showing “sufficient grounds” to institute review—including regulations governing  
7 “discretionary factors” for instituting either IPR or “post-grant review,” a wholly separate type of  
8 administrative proceeding not implicated by Plaintiffs’ Complaint. Compl. in Intervention for  
9 Declarative and Injunctive Relief ¶¶ 1-2, Dkt. No. 28-1 (“Intervention Compl.”). In particular,  
10 Proposed Intervenor claim that the PTO has “a clear legislative mandate” to adopt “regulations”  
11 setting forth an untold number of “discretionary factors to deny” IPR or post-grant review, *id.*  
12 ¶¶ 62-63, yet has failed to conduct a rulemaking to codify those discretionary standards—  
13 instead, it has “omitted discretionary considerations entirely” from any regulations and resorted  
14 to designating Board decisions as precedential as an inadequate, unlawful substitute for  
15 rulemaking, *id.* ¶¶ 64-69. As a result, Proposed Intervenor claim, the PTO has not provided the  
16 “predictability” or “guid[ance]” that they want. *Id.* ¶¶ 70-73.

17 Proposed Intervenor accordingly claim the PTO has “unlawfully withheld” agency  
18 action in the form of a rulemaking and ask the Court to “[c]ompel notice-and-comment  
19 rulemaking on discretionary considerations for the ‘sufficient grounds’ decision.” Intervention  
20 Compl., Relief Requested ¶ 2; *see also* Intervention Compl. ¶¶ 76-79. They further claim the  
21 PTO’s adoption of discretionary standards through precedential decisions violates the APA and  
22 ask the Court to declare unlawful all “adjudicative rulemaking on discretionary considerations  
23 for the ‘sufficient grounds’ decision.” Intervention Compl., Relief Requested ¶ 1; *see also*  
24 Intervention Compl. ¶¶ 80-83.

25 Shortly after moving to intervene, US Inventor (joined by World Source Enterprises but  
26 by none of the six other proposed intervenors) applied for a temporary restraining order and  
27 moved for a preliminary injunction, asking the Court to enjoin the PTO “from instituting AIA  
28 trials against any patent owner until such time as [the PTO] promulgates rules for the

discretionary denial of AIA trial institution petitions in accordance with the notice-and-comment provisions of the APA.” PI Mot. 1. As of now, as the Court has correctly ruled, US Inventor has no standing to seek any form of relief. *See* Order Regarding Proposed Intervenor’s Application for a Temporary Restraining Order and Motion for Entry of a Preliminary Injunction (“Scheduling Order”), Dkt. No. 38, at 3 (“Because the Court has yet to rule on the motion to intervene, Proposed Intervenor’s are not yet parties to this action and have no standing to seek relief.”). Furthermore, the relief requested by US Inventor does not map onto any substantive claim in the proposed complaint-in-intervention. Proposed Intervenor’s have not alleged that it is unlawful to conduct IPRs and other AIA trials without the rulemaking they request. Instead, US Inventor posits that enjoining all AIA trials will “harmonize” the PTO’s alleged discretion to deny institution of AIA trials with its “violation of the APA through faulty ‘rulemaking,’” while “preserving the status quo” pending a lawful rulemaking. *Id.* at 19-20.

### LEGAL STANDARD

“A preliminary injunction is an extraordinary remedy never awarded as of right.” *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008). A party “seeking a preliminary injunction must establish [1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest.” *Id.* at 20. Where the moving party “shows only that serious questions going to the merits [are] raised,” it must “offset” that “lesser showing of likelihood of success on the merits” by showing that “the balance of hardships tips sharply in [its] favor,” in addition to showing the other elements—*i.e.*, “that there is a likelihood of irreparable injury and that the injunction is in the public interest.” *All. for the Wild Rockies v. Cottrell*, 632 F.3d 1127, 1131-1132, 1135 (9th Cir. 2011). But no injunction may issue on a lesser showing of irreparable harm, regardless of the force of the other elements. *Id.* at 1132.

Further, because US Inventor seeks “a mandatory injunction”—*i.e.*, an injunction that “goes well beyond simply maintaining the status quo *pendente lite*”—its “request [is] subject to a higher degree of scrutiny because such relief is particularly disfavored under the law of this circuit.” *Stanley v. Univ. of S. Cal.*, 13 F.3d 1313, 1320 (9th Cir. 1994) (quotation marks and

alterations omitted); *accord Garcia v. Google, Inc.*, 786 F.3d 733, 740 (9th Cir. 2015). The relevant status quo is that the PTO has been conducting IPRs for eight years without the particular regulations US Inventor wants, including under standards adopted through precedential decisions. *See infra* pp. 12-13; *Boardman v. Pac. Seafood Grp.*, 822 F.3d 1011, 1024 (9th Cir. 2016) (status quo is “the last uncontested status which preceded the pending controversy” (quotation marks omitted)). The preliminary relief US Inventor requests is a mandatory injunction that would not preserve that status quo but upend it. The Court should therefore deny the injunction “unless the facts and law clearly favor” US Inventor. *Stanley*, 13 F.3d at 1320 (quotation marks omitted).

The standard for issuing a temporary restraining order is the same as for a preliminary injunction. *See Stuhlbarg Int’l Sales Co. v. John D. Brush & Co.*, 240 F.3d 832, 839 n.7 (9th Cir. 2001). However, a temporary restraining order is limited to its “underlying purpose of preserving the status quo and preventing irreparable harm just so long as is necessary to hold a hearing, and no longer.” *Granny Goose Foods, Inc. v. Bhd. of Teamsters & Auto Truck Drivers Local No. 70*, 415 U.S. 423, 439 (1974). US Inventor’s request for a *mandatory* TRO is categorically foreclosed.

## ARGUMENT

### I. US Inventor Has Shown No Likelihood Of Success

US Inventor has not shown that its claims are likely to succeed, let alone that they warrant a halt of all new IPR proceedings.<sup>1</sup> First, the PTO is not required to conduct the

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<sup>1</sup> To be sure, Plaintiffs agree that the *NHK-Fintiv* rule is unlawful, among other reasons, because it was adopted without notice-and-comment rulemaking, as both the AIA and the APA require. *See* Compl. ¶¶ 43-51, 76-77, 88-91. But that premise does not justify the relief US Inventor seeks; it justifies only an order “set[ting] aside” the *NHK-Fintiv* rule. 5 U.S.C. § 706(2)(D). Moreover, US Inventor’s explanation of the procedural defect is wrong. The problem is not, as US Inventor contends, that the PTO sometimes resolves matters through “ad hoc adjudications” by the Board. *See* PI Mot. 6. Ordinary adjudications are not rules subject to

1 rulemaking that US Inventor demands. Second, the relief US Inventor seeks—halting all new  
2 AIA trials until the completion of that rulemaking—is simply not available.<sup>2</sup>

3 **A. US Inventor Is Not Entitled To The Additional Rulemaking It Seeks**

4 US Inventor’s case rests on the AIA’s provisions stating that the PTO “shall prescribe  
5 regulations ... setting forth the standards for the showing of sufficient grounds to institute a  
6 review under” § 314(a) (IPR) and § 324(a) and (b) (post-grant review). 35 U.S.C. §§ 316(a)(2),  
7 326(a)(2); *see, e.g.*, Intervention Compl. ¶¶ 61, 71, 78; PI Mot. 6, 11. But the PTO has already  
8 conducted the only rulemaking it is affirmatively required to undertake. In 2012, after providing  
9 notice and an opportunity for public comment, the PTO issued regulations setting forth standards  
10 for showing sufficient grounds for institution of IPR and other proceedings. *See* 37 C.F.R.  
11 § 42.108(c) (IPR); *id.* § 42.208(c) & (d) (post-grant review); *see also id.* §§ 42.100-107, 200-  
12 207; *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings,*  
13 *and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48,680 (Aug. 14,

14  
15  
16 the requirement of notice-and-comment rulemaking because they have “no precedential force in  
17 later proceedings.” Patent Trial and Appeal Board, Standard Operating Procedure 2 (Rev. 10)  
18 (“SOP-2”), at 3, 8-9 (Sept. 20, 2018), <https://tinyurl.com/yyon38sh>; *see* 5 U.S.C. § 551(4) (“rule”  
19 is “an agency statement of general or particular applicability and future effect”). The procedural  
20 violation arises when the PTO purports to make rules that are “binding” on the Board “in  
21 subsequent matters involving similar facts or issues” by designating Board decisions as  
22 “precedential,” because the designation process does not entail public notice or an opportunity  
23 for public comment. *See* SOP-2 at 1-2, 3-4, 8-12; *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290,  
24 1331-1332 (Fed. Cir. 2017) (Moore, J., concurring); Compl. ¶¶ 43-49.

25 <sup>2</sup> US Inventor’s application for preliminary relief also has a threshold defect: It is not a  
26 party to this case. It has moved for intervention, but that motion has not been granted and  
27 should, as Plaintiffs explained elsewhere, be denied. Pls.’ Opp’n to Mot. to Intervene, Dkt. No.  
28 41. Consequently, US Inventor has “no standing to seek relief.” Scheduling Order at 3.



2012). The PTO thus has not “withheld” rulemaking at all, as Proposed Intervenor’s complaint concedes. Intervention Compl. ¶ 65.

US Inventor’s real contention is that the PTO’s existing regulations are “incomplete,” Intervention Compl. ¶¶ 2, 58, because (in US Inventor’s view) they “omit[] discretionary considerations” that US Inventor would like the PTO to adopt. *Id.* ¶¶ 64-65. But that theory cannot be the basis for a successful claim, for several reasons.

First, § 316(a)(2) and § 326(a)(2) do not mandate adoption of the type of standards that US Inventor wants the PTO to adopt. The only regulations section 316(a)(2) affirmatively requires the PTO to adopt are regulations “setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a),” and § 314(a) addresses whether there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). Similarly, the only regulations § 326(a)(2) affirmatively requires the PTO to adopt are regulations “setting forth the standards for the showing of sufficient grounds to institute a review under subsections (a) and (b) of section 324,” and § 324(a) and (b) address whether a petitioner for post-grant review has “demonstrate[d] that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable” or that “the petition raises a novel or unsettled legal question that is important to other patents or patent applications.” *Id.* § 324(a)-(b). The PTO’s existing regulations already address those grounds, and US Inventor does not contend otherwise. Instead, US Inventor wants the PTO to adopt regulations codifying additional non-statutory factors for deciding whether to institute IPR or post-grant review. But § 316(a)(2) and § 326(a)(2) nowhere require the PTO to adopt those standards.

Moreover, even if the PTO were required to conduct a further rulemaking, the entire theory of US Inventor’s case would still fail because it depends on the unfounded assumption that any rulemaking would yield the specific rules US Inventor favors. US Inventor does not merely seek a rulemaking—it seeks a rulemaking that will result in “cl[ear]” and “certain[]” discretionary reasons to deny institution of IPR and other proceedings. PI Mot. 3-4; *see also id.* at 1-2 (seeking rules for “why the Director should use his discretion under [§ 314(a)] to deny a



trial”); *id.* at 7 (rules must “include discretionary factors” for denying institution); *id.* at 11, 14, 15, 16 (similar); Intervention Compl. ¶ 36 (assuming that rulemaking would result in “clear ... discretionary considerations” rendering IPR petitions futile); *id.* ¶ 47 (assuming promulgated rules would require denial of IPR petitions); *id.* ¶¶ 52, 57 (same).<sup>3</sup> But US Inventor is not entitled to that relief. Even when an agency has unlawfully withheld action it is required to take, a court can do no more than “compel the agency to act”; it “has no power to specify what the action must be.” *Norton v. S. Utah Wilderness All.*, 542 U.S. 55, 64 (2004).

### **B. US Inventor Is Not Entitled To An Order Halting All New AIA Trials**

US Inventor’s claims fail for the additional reason that US Inventor does “not plead any substantive claim” for which the broad injunction it seeks “may be a remedy.” *Albert v. Embassy of Music GmbH*, No. 5:19-06652-EJD, 2020 WL 4284830, at \*5 (N.D. Cal. July 27, 2020); *see also, e.g., Fish v. Magnum Aviation*, No. 18-6671-VKD, 2019 WL 690286, at \*6 (N.D. Cal. Feb. 19, 2019) (“a request for injunctive relief ... requires some ... substantive basis for liability”). US Inventor’s complaint asserts only two claims, both under the APA: that the

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<sup>3</sup> In August 2020, US Inventor filed a “petition for rulemaking” asking the PTO to “amend[]” 37 C.F.R. § 42.108 and 37 C.F.R. § 42.208 to include non-statutory factors for denying institution of IPR or other post-grant review. *See* US Inventor and Small Business Technology Council, Pet. for Rulemaking Pursuant to 5 U.S.C. § 553(e) for Specific Criteria for Deciding Institution of AIA Trials 12-13 (Aug. 27, 2020) (attached as Ex. 1 to Decl. of Josh Malone, Dkt. No. 34-2). To the extent the proposed complaint-in-intervention seeks an order compelling the PTO to act on US Inventor’s petition for rulemaking, it fails because it could hardly be said that the PTO has unreasonably delayed when the petition was filed less than two months ago. *See In re A Cmty. Voice*, 878 F.3d 779, 787 (9th Cir. 2017) (“unreasonable delays ... involve delays of years, not months” (brackets and quotation marks omitted)); *Nat’l Tank Truck Carriers, Inc. v. Fed. Highway Admin.*, No. 96-1339, 1997 WL 150088, at \*1 (D.C. Cir. Feb. 27, 1997) (“20-month delay in acting on the petition for rulemaking” was not “unreasonable agency delay”).

PTO has “unlawfully withheld or unreasonably delayed” promulgating regulations “on discretionary factors” for instituting IPR or post-grant review, in violation of 5 U.S.C. § 706(1), Intervention Compl. ¶¶ 76-77, and that the PTO unlawfully issued rules on such “discretionary factors” “through adjudicative decisions” rather than through notice-and-comment rulemaking, in violation of § 706(2), *id.* ¶¶ 80-81. The only relief the APA authorizes for those claims is to “compel” the PTO to undertake the allegedly withheld or delayed rulemaking, § 706(1); *see* Intervention Compl. ¶ 76, and to “hold unlawful and set aside” the rules adopted through precedential designation, § 706(2); *see* Intervention Compl. ¶ 80. US Inventor has not alleged that it is unlawful for IPRs to proceed in the absence of the rulemaking it seeks—nor could it—and it is not entitled to an injunction of conduct it has not claimed is illegal. *E.g., Colvin v. Caruso*, 605 F.3d 282, 299-300 (6th Cir. 2010) (movant “had no grounds to seek an injunction pertaining to allegedly impermissible conduct not mentioned in his original complaint”).

Like any remedy, an injunction may issue only upon a showing of some “violation of law” and must be tailored to provide redress for that violation. *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982); *see In re Charlton*, No. 11-5657, 2012 WL 2572074, at \*7 (N.D. Cal. July 2, 2012) (to obtain injunctive relief, plaintiff must identify and prove “the wrongful act sought to be enjoined”). That principle is reflected in the APA, which allows a “person suffering legal wrong because of agency action” to obtain relief upon demonstration that the challenged action is unlawful. 5 U.S.C. § 702; *see also id.* § 706. The APA does not authorize a court to “set aside” or enjoin agency action that is not proven unlawful. *Id.* § 706. The same limitation applies to the Court’s inherent equitable powers. The Court “lacks authority to grant [preliminary] relief” that is not ““of the same character as that which may be granted finally.”” *Pac. Radiation Oncology, LLC v. Queen’s Med. Ctr.*, 810 F.3d 631, 636 (9th Cir. 2015) (quoting *De Beers Consol. Mines v. United States*, 325 U.S. 212, 220 (1945)). Perhaps if US Inventor’s complaint asserted a claim that (if successful) would entitle it to a *permanent* injunction barring all institution of IPRs and other proceedings, a preliminary injunction barring institution *during the pendency of the litigation* would at least be within the realm of possibility. But given the claims asserted in the complaint-in-intervention, such relief is not even similar to, let alone of the

1 same character as, the only final relief available—*i.e.*, an order compelling the PTO to undertake  
 2 the supposedly withheld or delayed rulemaking and setting aside the rules adopted through  
 3 precedential designation. Therefore, the preliminary relief that US Inventor seeks is unavailable  
 4 here. *See Winter*, 555 U.S. at 32-33 (where suit sought to compel environmental study of  
 5 training program, “no basis” to preliminarily enjoin training program itself).

## 6 **II. US Inventor Has Not Shown That It Is Likely To Suffer Irreparable Harm**

7 A preliminary injunction “should issue only where ... essential in order effectually to  
 8 protect ... rights against injuries otherwise irremediable.” *Weinberger*, 456 U.S. at 312  
 9 (quotation marks omitted). The moving party “must demonstrate” that the “threatened injury”  
 10 would be “immediate.” *Boardman*, 822 F.3d at 1022 (emphasis omitted); *see also Winter*, 555  
 11 U.S. at 20 (irreparable harm must be “likely”); Fed. R. Civ. P. 65(b) (requiring “specific facts in  
 12 an affidavit or a verified complaint clearly show[ing] that immediate and irreparable injury, loss,  
 13 or damage will result”). And the moving party ““must necessarily establish a relationship  
 14 between the injury claimed in the party’s motion and the [allegedly illegal] conduct asserted in  
 15 the complaint.”” *Omega World Travel, Inc. v. Trans World Airlines*, 111 F.3d 14, 16 (4th Cir.  
 16 1997) (quoting *Devose v. Herrington*, 42 F.3d 470, 471 (8th Cir. 1994)). US Inventor, however,  
 17 has made no plausible showing that the PTO’s reliance on precedential decisions rather than  
 18 regulations will cause it immediate irreparable harm.

### 19 **A. US Inventor’s Delay Belies Any Assertion Of Irreparable Harm**

20 “[A] party requesting a preliminary injunction must generally show reasonable  
 21 diligence.” *Benisek v. Lamone*, 138 S. Ct. 1942, 1944 (2018). But here, US Inventor’s “long  
 22 delay before seeking a preliminary injunction implies a lack of urgency and irreparable harm.”  
 23 *Oakland Tribune, Inc. v. Chronicle Publ’g Co.*, 762 F.2d 1374, 1377 (9th Cir. 1985). Over the  
 24 past eight years, the PTO has instituted thousands of IPRs and other post-grant review  
 25 proceedings without the supposedly required regulations in place. *See* 77 Fed. Reg. 48,680;  
 26 PTO, *Trial Statistics: IPR, PGR, CBM*, “Status of Petitions” (Aug. 2020),  
 27 <https://tinyurl.com/y2jcqau5>. And the PTO has been instituting proceedings for three years  
 28 under its precedential decision in *General Plastic Industrial Co. v. Canon Kabushiki Kaisha*, No.

IPR2016-01357 (Paper 19) (P.T.A.B. Sept. 6, 2017), and for more than one year under its precedential decision in *NHK Spring Co. v. Intri-Plex Technologies, Inc.*, No. IPR2018-00752 (Paper 8) (P.T.A.B. Sept. 12, 2018) (designated precedential on May 7, 2019); *see* Intervention Compl. ¶ 69. Yet US Inventor did nothing until August 27, 2020, when it simply petitioned the PTO for a rulemaking. *See* US Inventor and Small Business Technology Council, Pet. for Rulemaking Pursuant to 5 U.S.C. § 553(e) for Specific Criteria for Deciding Institution of AIA Trials, Dkt. No. 34-2, Ex. 1. It never even filed its own lawsuit, but merely moved to intervene in this case. As this Court has observed, it was already “difficult to accept” US Inventor’s asserted need for “emergency relief” given its consent to an extended briefing schedule on its motion to intervene, which is a precondition for emergency relief. Scheduling Order at 3; *see supra* pp. 5-6, 8 n.2. US Inventor’s protracted inaction in the face of years of IPRs and other proceedings conducted without its desired regulations confirms that its asserted irreparable harm is illusory. *See Lydo Enters. v. City of Las Vegas*, 745 F.2d 1211, 1213 (9th Cir. 1984) (“[b]y sleeping on its rights a plaintiff demonstrates the lack of need for” preliminary injunction); *Fund for Animals v. Frizzell*, 530 F.2d 982, 987 (D.C. Cir. 1975) (waiting 44 days to file suit challenging comment period was “inexcusable” and “bolstered” conclusion that preliminary injunction “should not issue”).

#### **B. US Inventor’s Theories Of Harm Fail**

US Inventor’s various theories of irreparable harm also do not withstand scrutiny.

First, US Inventor cannot claim irreparable harm based on an alleged procedural violation. US Inventor contends that its members are “subject to harm when deprived of a procedural protection to which [they] are entitled under the APA, including the opportunity to shape the rules through notice and comment,” and that “it has been deprived of a procedural vehicle for presenting notice-and-comment on published proposed rules.” PI Mot. 15, 16. But “mere procedural harm is not an appropriate basis for emergency relief.” *Nw. Env’tl Def. Ctr. v. U.S. Army Corps of Eng’rs*, 817 F. Supp. 2d 1290, 1316 (D. Or. 2011); *see also Elk Assocs. Funding Corp. v. U.S. Small Bus. Admin.*, 858 F. Supp. 2d 1, 31 (D.D.C. 2012) (“courts generally will not base a finding of irreparable injury on a procedural violation standing alone”

(quotation marks omitted)). If “alleging a bare procedural violation” “cannot satisfy the demands of Article III,” *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1550 (2016), it certainly cannot satisfy the demands for a preliminary injunction. Contrary to US Inventor’s descriptions, none of the cases it cites (PI Mot. 15, 17) held otherwise. *See, e.g., N. Mariana Islands v. United States*, 686 F. Supp. 2d 7, 18 (D.D.C. 2009) (finding irreparable harm because challenged rule itself “impaired [movant’s] ability to protect its interests”).<sup>4</sup>

Second, US Inventor’s apparent assumption that additional regulations would yield more or clearer guidance from the PTO is wholly speculative, and “speculative injury cannot be the basis for a finding of irreparable harm.” *In re Excel Innovations, Inc.*, 502 F.3d 1086, 1098 (9th Cir. 2007); *see Caribbean Marine Servs. Co. v. Baldrige*, 844 F.2d 668, 674 (9th Cir. 1988) (same). US Inventor contends that, without the supposedly required regulations, its members “have no rule-based guidance over how to present discretionary factors as a basis for denial of the petitions they are now facing, under deadline,” and US Inventor itself is “hamstrung in its

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<sup>4</sup> *See also California v. Health & Human Servs.*, 281 F. Supp. 3d 806, 821, 830 (N.D. Cal. 2017) (stating “procedural injury” requires showing of “a ‘concrete interest’ that is threatened by the failure to comply with [procedural] requirement,” and finding irreparable harm because “impact” of challenged rules on movants’ “health” and “fiscal interests” was “immediate”), *aff’d in relevant part, California v. Azar*, 911 F.3d 558, 570-571, 581 (9th Cir. 2018); *Dartmouth-Hitchcock Clinic v. Toumpas*, 856 F. Supp. 2d 315, 325 (D.N.H. 2012) (“future harm likely to be suffered” included “significant financial losses that might threaten the [plaintiff] hospitals’ ability to continue providing Medicaid services”); *Citizens for Better Forestry v. U.S. Dep’t of Agric.*, 481 F. Supp. 2d 1059, 1100 (N.D. Cal. 2007) (“where the government fails to comply with [National Environmental Policy Act] procedures, the harm is one to the *environment*” (quotation marks omitted)); *Long Term Care Pharm. Alliance v. Ferguson*, 260 F. Supp. 2d 282, 293-294 (D. Mass. 2003), *vacated*, 362 F.3d 50 (1st Cir. 2004) (irreparable harm where action at issue “forced” pharmacies to “cut back services” and prevented “reimbursements”); *Fund for Animals*, 530 F.2d at 987-988 (finding no irreparable harm).

efforts to teach inventors about keeping their patents free of AIA trial reviews.” PI Mot. 16; *see also id.* at 15 (without “clarity” of regulations, patentees are “deprived of a tool for persuading the PTAB” not to institute proceedings). But even if US Inventor’s suit prevailed, the Court could not dictate the content of any regulations the PTO would adopt; as discussed, the only relief the Court could grant would be to set aside the rules adopted through precedential decisions and compel the PTO to conduct a rulemaking. *S. Utah Wilderness*, 542 U.S. at 64-65 (“[section] 706(1) empowers a court only to compel an agency ... to take action upon a matter, without directing how it shall act”; “court ... has no power to specify what the action must be” (quotation marks omitted)). The PTO could decide merely to codify the standards articulated in the precedential decisions or to adopt even vaguer standards.

Finally, US Inventor’s argument that the supposed lack of guidance causes its members to incur greater “economic burden and uncertainty,” PI Mot. 16, and increases the probability that its members’ patents will be invalidated, *see id.* at 15-16, again rests on pure speculation. Whereas US Inventor must show that it is “*likely* to suffer irreparable harm” absent preliminary relief, *Winter*, 555 U.S. at 22 (emphasis added), it adduces no evidence that the PTO’s reliance on precedential decisions rather than the desired regulations has increased its costs at the IPR-petition stage or increased the likelihood that an IPR petition will be granted.<sup>5</sup> If anything, the

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<sup>5</sup> US Inventor’s declarations complain only about the lack of “certainty” in opposing institution of AIA trials and speculate about the content of the regulations the PTO might adopt in the future. *See* Decl. of Josh Malone, Dkt. No. 34-2, ¶ 9 (“[s]ometimes [his arguments] worked, sometimes [they] didn’t”); *id.* ¶ 10 (“Because of the lack of rulemaking in this area, it was not possible to know in advance if a particular type of argument for ‘discretionary denial’ would be inevitably work, or inevitably fail.”); *id.* ¶¶ 23-24 (speculating that PTO might adopt “bright line rules” rather than the multi-factor tests it currently uses); Decl. of Hugh Svendsen, Dkt. No. 34-3, ¶ 11 (“I believe that any regulations that come out of [a rulemaking] will make it much more likely that the PTAB will have to deny institution in cases with facts like mine.”); Decl. of Rob Honeycutt, Dkt. No. 34-4, ¶ 10 (identical assertion).



opposite is true: the adoption of the *NHK-Fintiv* rule has “dramatically reduced the availability of IPR” by encouraging the Board to deny IPR petitions that meet all the statutory requirements for institution. Compl. ¶¶ 5, 61-65. US Inventor again speculates about the content of any regulations the PTO would issue, contending that the notice-and-comment rulemaking would yield better rules than the precedential decisions by “first ... factor[ing] in the effect on the economy and the integrity of the patent system of AIA trial institutions.” PI Mot. 15-16. But as explained, US Inventor is not entitled to have the PTO adopt any particular rules, and this Court cannot order the PTO to do so.

### III. The Balance Of Equities Tips Decisively Against US Inventor

In considering a preliminary injunction, “courts must balance the competing claims of injury and must consider the effect on each party of the granting or withholding of the requested relief.” *Winter*, 555 U.S. at 24; *see also Stormans, Inc. v. Selecky*, 586 F.3d 1109, 1138 (9th Cir. 2009); *League of Wilderness Defs./Blue Mountains Biodiversity Project v. Connaughton*, 752 F.3d 755, 766 (9th Cir. 2014). Here, barring the PTO from instituting any IPRs pending the desired rulemaking would inflict severe and irreparable harm on Plaintiffs. Conversely, denying relief would leave US Inventor in the same position it has been in for many years. The balance of equities therefore weighs strongly against US Inventor’s motion.

As leading technology innovators frequently targeted with infringement lawsuits based on weak patent claims, Compl. ¶ 2, Plaintiffs regularly seek IPR “to weed out bad patent claims efficiently,” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020); *see* Compl. ¶¶ 54-59. By foreclosing that option, the preliminary relief that US Inventor seeks would undermine Plaintiffs’ strong interest in maintaining the availability of IPR. Compl. ¶ 2. *See Ward v. Estate of Goossen*, No. 14-3510, 2014 WL 7273911, at \*4 (N.D. Cal. Dec. 22, 2014) (losing access to the “speed, economy, and specialized nature of the [arbitration] procedure” was irreparable harm); *Mohamed v. Uber Techs.*, 115 F. Supp. 3d 1024, 1034 (N.D. Cal. 2015) (“losing the two main benefits of the arbitral forum ... —speed and efficiency”—was irreparable harm).

1 Barring institution of IPR proceedings would also deprive Plaintiffs of the substantial  
 2 amounts they have already invested preparing and prosecuting dozens of pending IPR petitions.  
 3 As US Inventor acknowledges, PI Mot. 15, such economic harm is irreparable because the APA  
 4 does not permit recovery of “money damages.” 5 U.S.C. § 702; *see Azar*, 911 F.3d at 581.

5 US Inventor suggests that patent challengers (including Plaintiffs) would not be harmed  
 6 by the preliminary relief it seeks because they could continue to challenge patent validity in court  
 7 or seek ex parte reexamination. PI Mot. 19. That is incorrect. Congress established IPR  
 8 precisely because litigation and ex parte reexamination were *not* adequate on their own. Among  
 9 its many advantages, IPR allows parties accused of patent infringement to avail themselves of  
 10 “the expertise of the Patent Office on questions of patentability,” 157 Cong. Rec. S1352 (daily  
 11 ed. Mar. 8, 2011) (Sen. Udall), in “a quick, inexpensive, and reliable alternative to district court  
 12 litigation,” S. Rep. No. 110-259, at 20 (2008); *see also* H.R. Rep. No. 112-98, at 39-40 (2011);  
 13 *NFC Tech. LLC v. HTC Am., Inc.*, No. 2:13-1058, 2015 WL 1069111, at \*4 (E.D. Tex. Mar. 11,  
 14 2015) (Bryson, J., sitting by designation) (IPR was “designed in large measure to simplify  
 15 proceedings before the courts and to give the courts the benefit of the expert agency’s full and  
 16 focused consideration of the effect of prior art on patents being asserted in litigation”). US  
 17 Inventor’s attempt to foreclose all IPRs would thus deprive Plaintiffs of the very benefits that  
 18 Congress intended IPR to provide as “an efficient system for challenging patents that should not  
 19 have issued.” *Cuozzo Speech Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144 (2016).

#### 20 **IV. The Public Interest Weighs Against Preliminary Relief**

21 When a requested injunction ““will adversely affect a public interest[,] the court may in  
 22 the public interest withhold relief until a final determination of the rights of the parties, though  
 23 the postponement may be burdensome to the plaintiff.”” *Stormans*, 586 F.3d at 1139 (quoting  
 24 *Weinberger*, 456 U.S. at 312-313). Here, there is a strong public interest in preserving the  
 25 availability of IPR.

26 “The public interest, of course, favors the maintenance of a well-functioning patent  
 27 system,” *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 203 (2014), and IPRs  
 28 are an essential component of Congress’s deliberate efforts to promote such a system. Before



1 enacting the AIA, Congress had a “growing sense that questionable patents [we]re too easily  
2 obtained” and “too difficult to challenge” through existing procedures. H.R. Rep. No. 112-98, at  
3 39-40. That was a problem because weak patents—particularly when held by non-practicing  
4 entities—are often used not to promote and protect genuine invention but rather as the basis for  
5 spurious infringement lawsuits designed to extract money from successful technology innovators  
6 (including Plaintiffs). Thus, “concerned about overpatenting and its diminishment of  
7 competition, [Congress] sought to weed out bad patent claims efficiently” by providing for IPR.  
8 *Thryv*, 140 S. Ct. at 1374. The AIA was ““designed to establish a more efficient and streamlined  
9 patent system that will improve patent quality and limit unnecessary and counterproductive  
10 litigation costs.”” *Id.* (quoting H.R. Rep. No. 112-98, at 40). Innovators have widely embraced  
11 Congress’s system, relying on IPR and other post-grant AIA proceedings to invalidate thousands  
12 of patent claims already, PTO, *Trial Statistics*, <https://tinyurl.com/y2jcqau5>, freeing them from  
13 costly litigation and enabling them to make greater investments in research and development, *see*  
14 *supra* p. 12. Therefore, there is a strong public interest in maintaining the availability of IPR.  
15 *See Mercoïd Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944) (public interest lies in  
16 “protection of ... a system of free enterprise which ... nullifies a patent where any part of it is  
17 invalid”). By slamming the door on IPR until the PTO issues new regulations—which could  
18 take an indefinitely long time—US Inventor’s requested preliminary relief would tear down  
19 Congress’s system and thwart the public interest that system was meant to serve.

20 The public interest in “compliance with the APA” does not support US Inventor’s motion  
21 because “call[ing] a halt” to all new AIA trials is unnecessary to ensure compliance with the  
22 APA. PI Mot. 19. Even accepting the allegations of the proposed complaint-in-intervention as  
23 true, compliance with the APA would be achieved merely by setting aside rules adopted through  
24 precedential Board decisions and compelling the PTO to undertake a rulemaking. The APA  
25 neither requires nor permits broader relief.

26 In any event, the general public interest in compliance with the APA pales in comparison  
27 to the harm to the public interest from US Inventor’s requested preliminary relief—the wholesale  
28 shutdown of key administrative procedures for maintaining a well-functioning patent system.

1 Given that US Inventor has not even alleged, let alone demonstrated, that conducting IPRs  
 2 without the rulemaking it seeks is remotely unlawful, the public interest would in no way be  
 3 served by an injunction of perfectly lawful proceedings that Congress established as a pillar of a  
 4 strong patent system. *See Winter*, 555 U.S. at 32-33.

### 5 CONCLUSION

6 For the foregoing reasons, the Court should deny US Inventor's application for a  
 7 temporary restraining order and motion for a preliminary injunction.

8 DATED: October 19, 2020

Respectfully submitted,

9 By: /s/ Mark D. Selwyn

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I, Mark D. Selwyn, am the ECF User whose ID and password are being used to file this document. In compliance with N.D. Cal. Civil L.R. 5-1(i)(3), I hereby attest that concurrence in the filing of the document has been obtained from each of the other signatories.

By: /s/ Mark D. Selwyn

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CERTIFICATE OF SERVICE

I hereby certify that on October 19, 2020, I electronically filed the above document with the Clerk of the Court using CM/ECF, which will send electronic notification of such filing to all registered counsel.

By: /s/ Mark D. Selwyn

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